

AUG 20 1953

LISTED JULY 14th, 1953.
 20,000 6.4% preference shares of \$25.00 par value
 50,000 Class "A" common shares without par value
 100,000 Class "B" common shares without par value
 Ticker abbreviations HONpr. HON-A and HON-B
 Post Section 11

TORONTO STOCK EXCHANGE

LISTING STATEMENT

THE HUGHES-OWENS COMPANY (LIMITED)

An Operating Company incorporated under the Laws of Canada
 by Letters Patent dated October 25th, 1900

6.4% CUMULATIVE REDEEMABLE SINKING FUND PREFERENCE SHARES
 OF THE PAR VALUE OF \$25 EACH

CUMULATIVE PREFERENTIAL 80c DIVIDEND CONVERTIBLE

CLASS "A" COMMON SHARES WITHOUT NOMINAL OR PAR VALUE

CLASS "B" COMMON SHARES WITHOUT NOMINAL OR PAR VALUE
 (Certificates transferable in Toronto)

CAPITAL SECURITIES AS AT JUNE 29, 1953

STOCKS	No. of Shares Authorized	No. of Shares Outstanding	No. of Shares To be Listed
6.4% Cumulative Redeemable Sinking Fund Preference Shares of the par value of \$25.00 each	32,000	20,000	20,000
Cumulative Preferential 80c Dividend Convertible Class "A" Common Shares without nominal or par value	50,000	50,000	50,000
Class "B" Common Shares without nominal or par value	150,000	100,000	100,000
FUNDED DEBT	Principal Amount Authorized	Principal Amount Outstanding	
Debentures.....	\$1,000,000.	\$700,000 5½% Sinking Fund Debentures Series "A"	

Toronto, Ontario
 June 19, 1953.

1. THE HUGHES-OWENS COMPANY (LIMITED) (hereinafter referred to as "the Company") hereby makes application for listing on The Toronto Stock Exchange of 20,000 6.4% Cumulative Redeemable Sinking Fund Preference Shares of the par value of \$25.00 each, 50,000 Cumulative Preferential 80c Dividend Convertible Class "A" Common Shares without nominal or par value and 100,000 Class "B" Common Shares, without nominal or par value. All of the said Preference shares, the said Class "A" Common shares and the said Class "B" Common shares are issued and outstanding.

HISTORY

2. The Company was incorporated on October 25, 1900 and commenced business as agents for Canadian and Foreign Manufacturers in the sale of Tracing Cloths, Drawing Papers, Drawing Instruments, Surveying Instruments and other similar supplies used by Architects, Draughtsmen, Engineers and Artists.

Since 1900 the scope of the Company's operations and lines of merchandise handled has expanded considerably and now includes Microscopes, Binoculars, Cameras, Blueprinting Equipment, Printing and Developing Equipment and many types of Scientific Instruments.

The Company has many valuable agencies such as the exclusive Canadian rights to the sale of products manufactured by the following well-known companies—Zeiss-Opton, Zeiss-Winkel, Zeiss-Ikon, Winsor & Newton, Kalart, A. W. Faber, Paragon Revolute Machines, Ozalid Machines, and many others too numerous to mention.

One of the important departments of the Company is the sensitizing of blue print and Ozalid paper. Processing of these papers is carried on in factories located in Montreal, Toronto, Winnipeg and Vancouver. The Company has the sole and exclusive rights to the name Ozalid and the Ozalid process in Canada.

The first retail outlet of the Company was located in Montreal. In 1904, a branch was opened in Toronto, and in 1909, a branch was opened in Winnipeg. Retail outlets, warehouses and reproduction departments are maintained in these three cities. In 1946 the firm of C. P. Foster and Company Ltd. (Vancouver) was purchased. In 1950 the Company purchased the business previously carried on by Turner Drafting Company of Edmonton and the Company has recently acquired a more suitable location in Edmonton which will add materially to floor space. In 1950, the business of Priest & Sons in Halifax was purchased. In 1950 due to the substantial increase in demand for coated paper, land was purchased in Montreal and a factory of 9,000 square feet was erected. Since that date it has been necessary to add an additional 2,000 square feet to the factory building. In 1951, the Company purchased the drawing material and scientific instrument departments of the Ontario Hughes-Owens Company Limited in Ottawa. Recently the Company has rented premises in the City of Calgary and will shortly open a sales office and warehouse in that City. The Company has been established in Winnipeg in leased premises, but several years ago purchased a desirable piece of property, and the Directors are considering the erection of a building of 15,000 square feet. The Company also purchased in Toronto in January, 1953 a small factory building.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

NATURE OF BUSINESS AND NUMBER OF EMPLOYEES

3. The general nature of the business actually transacted by the Company is the manufacture and sale of print and drawing papers, field and other instruments and materials and supplies used by architects, engineers and draughtsmen. The Company employs approximately 250 persons including 44 salesmen.

INCORPORATION AND CAPITAL CHANGES

4. The Company was incorporated under the Companies Act, Canada, by Letters Patent dated October, 25th, 1900 with an authorized capital of thirty-five thousand dollars divided into three hundred and fifty shares of one hundred dollars each. Supplementary Letters Patent were issued to the Company on the following dates: August 5, 1910—extending the powers of the Company and increasing the capital of the Company to the sum of one hundred and forty-nine thousand dollars being an increase of one hundred and fourteen thousand dollars said increase to be divided into 1140 shares of one hundred dollars each:

December 18, 1920—increasing the capital of the Company to the sum of two hundred and fifty thousand dollars being an increase of one hundred and one thousand dollars said increase to be divided into one thousand and ten shares of one hundred dollars each;

February 18, 1929—altering the capital of the Company by deleting and expunging from the Letters Patent incorporating the Company the provisions relating to the capital stock as increased by Supplementary Letters Patent dated October 5, 1910 and December 18, 1920 and substituting therefor that the capital of the Company shall consist of 4000 Preference shares of the par value of \$100 each and 20,000 Common shares without nominal or par value;

September 1, 1950—reducing the capital of the Company by the cancellation of 3040 Preference Shares of the par value of \$100 each;

November 4, 1950—reducing the capital of the Company by the cancellation of 960 Preference Shares of the par value of \$100 and increasing the capital of the Company by the creation of 15,000 Four Percent Cumulative Redeemable Preference Shares of the par value of \$100 each;

December 7, 1951—altering the capital stock of the Company by subdividing each of the 20,000 Common Shares without nominal or par value into ten Common Shares without nominal or par value;

July 28, 1952—reducing the capital of the Company by the cancellation of 4000 Four Percent Cumulative Redeemable Preference Shares of the par value of \$100 each;

March 13, 1953—(i) reducing the capital of the Company by the cancellation of 5843 Four Percent Cumulative Redeemable Preference Shares of the par value of \$100 each;

(ii) reducing the capital of the Company by the cancellation of 50,000 of the 100,000 Common Shares without nominal or par value authorized but unissued;

(iii) altering the capital of the Company by subdividing the 100,000 issued and outstanding Common Shares without nominal or par value into 50,000 Cumulative Preference 80c Dividend Convertible Class "A" Common Shares without nominal or par value and 100,000 Class "B" Common Shares without nominal or par value;

(iv) increasing the capital of the Company by the creation of 32,000 6.4% Cumulative Redeemable Sinking Fund Preference Shares of the par value of \$25 each;

June 30, 1953—decreasing the capital of the Company by the cancellation of 5157 Four Percent Cumulative Redeemable Preference Shares of the par value of \$100 each.

NO PERSONAL LIABILITY

5. All the capital stock which is issued and outstanding is fully paid and non-assessable and no personal liability attaches to ownership. Opinion of Zimmerman, Blackwell & Haywood, Barristers and Solicitors, 50 King Street West, Toronto, as to the proceedings relating to the incorporation and organization of the Company, as to the validity of its securities and the fact that they are fully paid and non-assessable is on file with the Toronto Stock Exchange.

SHARES ISSUED DURING PAST 10 YEARS

	Class of Share Issued	Date of Issue	No. of Shares Issued	Amount per Share Realized	Total Amount Realized	Purpose of Issue
6.	Four Percent Cumulative Redeemable Preference Shares of the par value of \$100 each	Feb. 15, 1951	7657	\$100	\$765,700	paid to the Common Shareholders as a stock dividend on capitalization of the Company's tax paid undistributed income being at the rate of \$76.57 per common share.
	Four Percent Cumulative Redeemable Preference Shares of the par value of \$100 each	March 1, 1951	1500	\$100	\$150,000	to pay approximately 50% of the cost of the drawing material business of the Ontario Hughes - Owens Company Limited.
	6.4% Cumulative Redeemable Sinking Fund Preference Shares of the par value of \$25 each	April 15, 1953	20,000	\$23.50	\$470,000	to provide funds for the redemption of 5157 Four Percent Cumulative Redeemable Preference Shares of the par value of \$100 at par plus accrued dividends.

STOCK PROVISIONS AND VOTING POWERS

The 6.4% Cumulative Redeemable Sinking Fund Preference Shares of \$25 are entitled to a fixed preferential dividend of \$1.60 per share per annum payable on the 15th of January, April, July and October. On dissolution of the Company the holders of Preference Shares shall be entitled to the amount paid up on such Preference Shares plus all unpaid dividends and if such dissolution be voluntary an additional amount of \$1.25 but have no right in any further participation in the assets of the Company.

The Company may purchase Preference Shares at the lowest price obtainable but not exceeding the redemption price plus costs of purchase and an amount equal to all unpaid dividends due or accruing due to the date of purchase. The Preference Shares are redeemable on 30 days written notice at par plus \$1.25 together with an amount equal to all unpaid dividends due or accruing due to the date of redemption. Preference Shares purchased or redeemed shall be cancelled and shall not be re-issued.

The holders of Preference Shares are entitled to the benefit of certain covenants on the part of the Company with respect to the disposition or encumbering of its assets, the creation of shares and the payment of cash dividends.

A sinking fund is to be provided for the retirement of preference shares equal to 1/2 of 1% of the net profits of the Company for the preceding year for each 1000 Preference Shares issued.

If at any time there shall remain unpaid in the aggregate 8 quarterly dividends on the Preference Shares and/or if the Company shall be in default in setting aside the sinking fund provided for to the extent of 2 annual installments the holders of Preference Shares shall be entitled at all meetings of shareholders to 1 vote in respect of each Preference Share held. Otherwise the holders of Preference Shares as such shall not be entitled to vote or to attend at any meetings of shareholders unless the meeting is convened for considering the winding up of the Company, the sanctioning the sale of its undertaking or taking action affecting the rights of holders of Preference Shares.

The Company will not issue any of the Preference Shares unless the net profits of the Company for each of the 2 preceding fiscal years immediately preceding the date of issue shall be at least 3 times the annual dividend requirements on all Preference Shares outstanding after such issue.

The Cumulative Preferential 80c Dividend Convertible Class "A" Common shares are entitled to, subject to the prior rights of the holders of Preference Shares, a fixed cumulative preferential dividend of 80c per share per annum payable on the 15th of January, April, July and October. No further dividend shall be paid to the holders of Class "A" shares provided that notice of declaration of any stock dividend declared on any shares ranking junior to the Class "A" shares shall be given to the holders of Class "A" shares at least 30 days before the date fixed for determination of the shareholders entitled to such stock dividend.

On liquidation, dissolution or winding up of the Company the holders of Class "A" shares shall first be entitled to receive an amount equal to all unpaid preferential dividends on the Class "A" shares and thereafter the holders of Class "A" shares and the holders of Class "B" Common shares shall be entitled to share equally share for share in the distribution of the assets of the Company.

If at any time there shall remain unpaid in the aggregate 6 quarterly dividends on the Class "A" shares the holders of Class "A" shares shall be entitled to all meetings of shareholders to 1 vote in respect of each Class "A" Share held.

Class "A" Shares are convertible at the option of the holder into Class "B" Common shares share for share.

The holders of Class "A" Shares are entitled to the benefit of certain covenants on the part of the Company with respect to the disposition or encumbering of its assets, the winding up of the Company, the payment of cash dividends and the redemption of any shares issued as a stock dividend on the Class "B" Common Shares.

The Class "B" Common Shares are entitled to one vote for each share held at all meetings of the shareholders of the Company and the Class "B" Common Shares may only be issued in exchange for Class "A" Shares presented for conversion.

DIVIDEND RECORD

Year	Preference Share P.V. \$100 (all redeemed and cancelled Nov. 4, 1950) rate per share	4% Preference Share P.V. \$100 (authorized Nov. 4, 1950) rate per share	Common Shares per share	Total
1941	7%	—	\$2.50	\$33,324
1942	7%	—	3.20	38,819
1943	7%	—	3.50	40,961
1944	7%	—	3.50	40,710
1945	7%	—	3.00	35,641
1946	7%	—	2.50	* 30,749
1947	7%	—	.40	10,494
1948	7%	—	.70	13,388
1949	7%	—	6.00	64,506
1950	7%	—	7.00	** 71,701
1951	—	4%	2.00	34,971
1952	—	4%	1.80	38,628

*In addition to the payment of cash dividends, totalling \$30,749 in the year 1946, the Company made a further distribution to shareholders of \$251,237 of Surplus accumulated from 1917 to 1939. The distribution was made in accordance with Section 94-96 of the Income War Tax Act, 1945 amendments.

**In addition to the payment of cash dividends, totalling \$71,701 in the year 1950 the Company under the provisions of Section 95A of the Income Tax Act, paid a tax of \$135,199 on the Surplus accumulated from January 1, 1940 to December 31, 1949, and credited the balance namely \$766,129 to a Tax Paid Undistributed Income Account. In 1951 the Company paid a stock dividend to shareholders consisting of 7657 Cumulative Redeemable 4% Preference Shares of a par value of \$100 each (\$765,700).

RECORD OF PROPERTIES

LEASEHOLD PROPERTIES

<i>City</i>	<i>Street Address</i>	<i>Character</i>
Montreal, Que.	1440 McGill College Ave.	Store and Office, Retail outlet warehouse, Reproduction Dept. and Head Office
Ottawa, Ontario	527 Sussex Street	Retail Store Reproduction Plant
Ottawa, Ontario	403 Laurier Ave.	Scientific Instrument Repair Service
Winnipeg, Manitoba	103 Princess St., 3rd Floor	Retail Store, Sensitizing Factory and Reproduction Plant
Edmonton, Alberta	100th St. north of Jasper Ave., 2A McLeod Bldg.	Retail Store and Reproduction Plant
Calgary, Alberta	1436 Kensington Road	Sales Office and Warehouse.

OWNED PROPERTIES

<i>City</i>	<i>Street Address</i>	<i>Character</i>
Montreal, Quebec	6340 Upper Lachine Road	Factory for sensitizing Blue Print and Ozalid Paper and Cloths, Warehouse
Toronto, Ontario	36 Adelaide St. West	Store, Warehouse and Office
Toronto, Ontario	30 Berryman St.	Factory for sensitizing Blue Print Paper and Cloth, Reproduction Dept. and Warehouse
Winnipeg, Manitoba	Kennedy St.	Site purchased for the erection of a building
Halifax, Nova Scotia	169 Hollis St.	Store, Warehouse and Reproduction Dept. Office, Warehouse
Vancouver, B.C.	569 Richards St.	Office, Warehouse Factory.

10. SUBSIDIARY COMPANIES

The Company has no subsidiary or controlled companies.

11. FUNDED DEBT

The Company has authorized an issue of debentures limited to an aggregate principal amount of \$1,000,000. Of this authorized issue \$700,000 principal amount of debentures, designated 5½% Sinking Fund Debentures Series "A" have been authorized for immediate issue and have been issued and are presently outstanding. The Series "A" Debentures mature on the 15th day of April, 1968 and bear interest at the rate of 5½% per annum payable half yearly on the 15th days of April and October in each year.

12. OPTIONS, UNDERWRITINGS, ETC.

There are no outstanding options, underwritings, sale agreements or other contracts or agreements of a like nature with respect to any unissued shares or any issued shares held for the benefit of the Company.

13. LISTING ON OTHER STOCK EXCHANGES

The Shares of the Company are not listed on any other stock exchange.

14. STATUS UNDER THE SECURITIES ACT

A prospectus respecting the 6.4% Preference Shares dated March 13, 1953 and a prospectus respecting the Class "A" Common Shares dated March 19, 1953 were issued by the Company and filed with the Securities Commission (Ontario). The prospectus respecting the 6.4% Preference Shares was also filed with the Department of the Secretary of State as required by The Companies Act (Canada). The necessary material has been filed with the Securities Registrars in the Provinces of Nova Scotia, Quebec, Manitoba, Saskatchewan and British Columbia. Copies of these prospectuses are on file with The Toronto Stock Exchange. As none of the Class "B" Common Shares were offered for sale to the public no prospectus has been filed in respect thereof.

15. FISCAL YEAR

The fiscal year of the Company ends on December 31st.

16. ANNUAL MEETING

The annual meeting of the Company is usually held at the head office of the Company, 1440 McGill College Avenue, Montreal, Quebec, on the third Tuesday in April of each year. The last annual meeting of the Company was held on April 21st, 1953.

17. HEAD OFFICE

The head office of the Company is located at 1440 McGill College Avenue, Montreal, Quebec.

18. TRANSFER AGENT AND REGISTRAR

The Company's Transfer Agent and Registrar is The Canada Permanent Trust Company, 320 Bay Street, Toronto.

19. TRANSFER FEES

No transfer fee is charged on stock transfers other than the customary Government Stock Transfer Tax.

AUDITORS

The Company's auditors are Messrs. Stevenson, Walker, Knowles & Co., Chartered Accountants, 437 St. James Street West, Montreal, Quebec.

OFFICERS AND DIRECTORS

The names and addresses of the Directors and Officers of the Company are as follows:

DIRECTORS

Arthur McKennedy	120 Alexandra Blvd., Toronto, Ontario
Bert Peter Pellenz	135 Park Blvd., Winnipeg, Manitoba
Fred Massey Frederick	208 Percival Avenue, Montreal West, Quebec
Arthur Reginald Chipman	3754 Cote des Neiges Rd., Montreal, Quebec
James Murray Dowie	1463 Athlone Road, Town of Mount Royal, Quebec
Fred Wallis White	603 Besserer Street, Ottawa, Ontario
David Fyfe Duncan Lennox	4617 Hampton Avenue, Montreal, Quebec.

OFFICERS

Chairman of the Board	Bert Peter Pellenz	135 Park Blvd., Winnipeg, Manitoba
President	James Murray Dowie	1463 Athlone Rd., Town of Mount Royal, Quebec
Vice-President	David Fyfe Duncan Lennox	4617 Hampton Avenue, Montreal, Quebec
Secretary	Andrew Joseph Sullivan	4280 D'Urfe Street, Lachine, Quebec

CERTIFICATE

"Pursuant to a resolution duly passed by its Board of Directors the applicant company hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct."



THE HUGHES-OWENS COMPANY (LIMITED)

"J. M. DOWIE"

"A. J. SULLIVAN"

STATEMENT SHOWING NUMBER OF SHAREHOLDERS
DISTRIBUTION OF PREFERRED STOCK AS OF JUNE 30th

		Shares
190 Holders of	1— 100 share lots.....	7355
21 Holders of	101— 200 share lots.....	3445
3 Holders of	201— 300 share lots.....	850
Nil Holders of	301— 400 share lots.....	Nil
2 Holders of	401— 500 share lots.....	1000
6 Holders of	501—1000 share lots.....	5350
1 Holder of	1001— up share lots.....	2000
<hr/>		
223 Shareholders	Total Shares.....	20,000

DISTRIBUTION OF CLASS "A" COMMON SHARES AS OF JUNE 30th

		Shares
276 Holders of	1— 100 share lots.....	15,352
43 Holders of	101— 200 share lots.....	7463
13 Holders of	201— 300 share lots.....	3525
3 Holders of	301— 400 share lots.....	1150
9 Holders of	401— 500 share lots.....	4345
10 Holders of	501—1000 share lots.....	8700
7 Holders of	1001— up share lots.....	9465
<hr/>		
361 Shareholders	Total Shares.....	50,000

DISTRIBUTION OF CLASS "B" COMMON SHARES AS OF JUNE 30th

		Shares
36 Holders of	1— 100 share lots.....	2300
13 Holders of	101— 200 share lots.....	2400
9 Holders of	201— 300 share lots.....	2550
5 Holders of	301— 400 share lots.....	1950
4 Holders of	401— 500 share lots.....	1950
7 Holders of	501—1000 share lots.....	5825
23 Holders of	1001— up share lots.....	83,025
<hr/>		
97 Shareholders	Total Shares.....	100,000

FINANCIAL STATEMENTS

ASSETS

CURRENT ASSETS:			
Cash on Hand and in Banks.....		\$	39,114.11
Accounts Receivable.....	\$ 512,981.53		
Less Reserve for Bad Debts.....	27,719.96		485,261.57
Inventories of Merchandise, as determined and certified to by the Management of the Company and valued at cost or market, whichever is the lower.....		1,294,258.08	\$1,818,633.76
OTHER ASSETS:			
Life Assurance Policies, Face Value \$137,500.00, Cash Surrender Value.....		\$	49,051.85
Sinking Fund Advance on Deposit with Trustee.....			2,600.00
Deposit on Option to Purchase Building.....		1,000.00	\$52,651.85
FIXED ASSETS:			
Land at Cost.....		\$	76,130.98
Buildings at Cost.....	\$ 163,943.28		
Less Reserve for Depreciation.....	20,560.08		143,383.20
Plant, Furniture and Fixtures at Cost.....	\$ 346,639.58		
Less Reserve for Depreciation.....	173,950.47		172,689.11
Automobiles and Truck at Cost.....	\$ 30,921.55		
Less Reserve for Depreciation.....	14,688.16		16,233.39
			\$408,436.68
PREPAID EXPENSES:			
Insurance.....		\$	5,544.70
Unamortized Building Alterations and Improvements on Leasehold Properties.....		15,906.11	\$21,450.81
GOODWILL, created through the acquisition of businesses at prices in excess of their book values.....			\$79,127.73
			<u>\$2,380,300.83</u>

PRO FORMA BALANCE SHEET

as at 31st December, 1952

After giving effect as at that date to:

- The creation of an authorized \$1,000,000 of Debentures and the issue and sale on April 15, 1953, out of the said authorized Debentures, of \$700,000 5½% Sinking Fund Debentures Series "A" for \$675,500, the said Series "A" Debentures maturing April 15, 1968.
- Pursuant to authorization by Supplementary Letters Patent dated March 13, 1953, the increase of the capital of the Company by an authorized 32,000 6.4% Cumulative Redeemable Sinking Fund Preference Shares of the par value of \$25.00 each and the sale on April 15, 1953 of 20,000 of the said Preference Shares for \$23.50 a share.
- The conversion of the existing 100,000 issued and fully paid no par value common shares into 50,000 authorized, issued and fully paid no par value Class "A" Common Shares and 100,000 issued and fully paid no par value Class "B" Common Shares and the cancellation of 50,000 of the 100,000 no par value Common Shares as were authorized but unissued and the redesignation of the then remaining 50,000 authorized but unissued no par value Common Shares as no par value Class "B" Common Shares.
- The redemption on April 15, 1953 of 5157 issued and outstanding 4% Cumulative Redeemable Preference Shares of the par value of \$100.00 each pursuant to by-law "G" of the Company and subject to confirmation by Supplementary Letters Patent reducing the capital of the Company by cancelling out of the capital of the Company the said shares after redemption thereof.
- The application of the proceeds of the sale set out in paragraph (a) above to:
 - The redemption and cancellation on April 15, 1953 of \$240,000 4¼% Serial Debentures maturing 1954 to 1961 at par plus a premium of \$4,050.
 - The redemption and cancellation on April 15, 1953 of \$190,000 5% Sinking Fund Debentures maturing February 15, 1963 at par plus a premium of \$6,650.
 - The payment of legal and auditors' fees estimated at \$15,000.
 - The redemption at par on February 15, 1953 of \$30,000 4¼% Serial Debentures maturing on that date.
 - The improvement in the working capital of the Company by \$140,662.00.
- The application of the proceeds as set out in paragraph (b) above to:
 - The redemption of 5157 4% Cumulative Redeemable Preference Shares of a par value of \$100.00 each at par plus accrued dividends of \$3,438.
- Charging the earned surplus account with an amount of \$100,139, representing write-off of Old Debenture Commission of \$16,501, Old Debenture Redemption Premium of \$10,700, accrued old Preference Share dividend of \$3,438, discount on financing the issue of \$700,000 5½% Sinking Fund Debentures Series "A" amounting to \$24,500, discount on financing the issue of 20,000 6.4% Cumulative Redeemable Sinking Fund Preference Shares amounting to \$30,000, and legal and auditors' fees of \$15,000.

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$ 318,405.63	
Income Tax Deductions at Source, Federal and Provincial Sales Taxes.....	16,893.27	
Provision for Income Taxes.....	197,093.61	\$ 532,392.51

FUNDED DEBT:

Authorized Debentures.....	\$1,000,000.00	
Issued:		
5½% Sinking Fund Debentures Series "A", maturing April 15, 1968.....		\$ 700,000.00

RESERVE FOR FOREIGN CURRENCY.....		\$ 2,000.00
-----------------------------------	--	-------------

CAPITAL AND SURPLUS

CAPITAL:

Preference Shares, 6.4% Cumulative Redeemable Sinking Fund of a par value of \$25.00 each		
Authorized—32,000 Shares.....	\$ 800,000.00	
Issued —20,000 Shares.....		\$ 500,000.00
Class "A" Common Shares Cumulative Preferential 80c Dividend Convertible of No Par Value, Class "B" Common Shares of No Par Value		
Authorized— 50,000 Class "A" Shares		
—150,000 Class "B" Shares		
Issued — 50,000 Class "A" Shares}	35,375.00	\$ 535,375.00
—100,000 Class "B" Shares}		

SURPLUS:

Capital Surplus.....	\$ 35,298.66	
Earned Surplus.....	575,234.66	\$ 610,533.32
		<u>\$2,380,300.83</u>

CONTINGENT LIABILITY: Option to purchase Building for \$30,000, less
\$1,000 deposit, was exercised January 7th, 1953.

Approved on behalf of the Board of Directors:
J.M. DOWIE DAVID LENNOX

AUDITORS' CERTIFICATE

We have made an examination of the books and accounts of The Hughes-Owens Company (Limited) for the year ended 31st December, 1952, and have obtained all the information and explanations we have required.

We report that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company, as at 31st December, 1952, after giving effect to the transactions as outlined in the paragraphs marked (a) to (g), inclusive, referred to herein, according to the best of our information and the explanations given to us.

Montreal, Quebec,
March 13, 1953.

STEVENSON, WALKER, KNOWLES & CO.
Chartered Accountants.

STATEMENT OF EARNINGS

To the Directors,
THE HUGHES-OWENS COMPANY (LIMITED),
Montreal, Quebec.

We have examined the books and accounts of The Hughes-Owens Company (Limited) for the twelve years ended 31st December, 1952. Based on our examination, we report that, in our opinion, the earnings of The Hughes-Owens Company (Limited) for the period under review are as set out below, after eliminating from the said earnings net capital profits on sales of Investments and Fixed Assets.

Year ended December 31	Profits before Providing for Debenture Interest, Depreciation, Income and Excess Profits Taxes	Debenture Interest	Depreciation	Federal and Provincial Income and Excess Profits Taxes	Net Profits Available for Dividends	Dividends Paid
1941.....	\$185,857		\$ 3,932	\$101,611	\$ 80,314	\$ 33,324
1942.....	220,541		3,694	134,274	82,573	38,819
1943.....	244,653		3,422	166,531	74,700	40,961
1944.....	248,603		3,873	168,820	75,910	40,710
1945.....	243,518		4,903	163,218	75,397	35,641
1946.....	313,892		4,691	168,690	140,511	*30,749
1947.....	343,818		5,296	154,670	183,852	10,494
1948.....	386,067		6,271	137,036	242,760	13,388
1949.....	426,873		12,313	163,673	250,887	64,506
1950.....	468,197		23,090	180,410	264,697	**71,701
1951.....	651,008	\$19,976	49,796	312,597	268,639	34,971
1952.....	737,716	21,180	57,675	364,093	294,768	38,628

*In addition to the payment of cash dividends, totalling \$30,749, in the year 1946, the Company made a further distribution to shareholders of \$251,237 of Surplus accumulated from 1917 to 1939. The distribution was made in accordance with Section 94-96 of the Income War Tax Act, 1945 amendments.

**In addition to the payment of cash dividends, totalling \$71,701, in the year 1950, the Company, under the provisions of Section 95A of the Income Tax Act, paid a tax of \$135,199 on the Surplus accumulated from January 1, 1940 to December 31, 1949, and credited the balance, namely \$766,129 to a Tax Paid Undistributed Income Account. In 1951 the Company paid a stock dividend to shareholders consisting of 7657 Cumulative Redeemable 4% Preference Shares of a par value of \$100 each (\$765,700).

NOTE:

Federal and Provincial Income and Excess Profits Taxes, as shown above, have been confirmed by assessments down to 1951. For the year 1952, the amount is as estimated by Officials of the Company, and is considered adequate.

Montreal, Quebec,
March 12, 1953.

STEVENSON, WALKER, KNOWLES & Co.
Chartered Accountants.

